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No. 18,629

IN THE
United States Court of Appeals
For the Ninth Circuit

DYMO INDUSTRIES, INC.,	}
<i>Plaintiff-Appellant,</i>	
vs.	
TAPEPRINTER, INC.,	
<i>Defendant-Appellee.</i>	

PLAINTIFF-APPELLANT'S OPENING BRIEF

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PLAINTIFF-APPELLANT'S OPENING BRIEF

Plaintiff-appellant files this opening brief in support of its appeal from an order of the District Court denying its motion seeking to enjoin defendant-appellee from using the trademark "TAPEPRINTER" in connection with the commerce of embossing machines.

JURISDICTION

Jurisdiction of the District Court is based upon U.S. Code, Title 28, Section 1338(a) and Section 1338(b), the second cause of action being based upon the trademark laws of the United States and the third cause of action stating a related claim for unfair competition (R. 5, Para. 11; R. 6, Para. 15).

Jurisdiction of this Court is based upon U.S. Code, Title 28, Section 1292(1), this appeal being from an order refusing an injunction (R. 154). The order denying the preliminary injunction was entered on April 5, 1963 (R. 154) and the notice of appeal was filed April 9, 1963 (R. 156) within the 30-day period provided by U.S. Code, Title 28, Section 2107.

STATEMENT OF THE CASE

Plaintiff's complaint, so far as here pertinent, charges defendant (a) with infringing plaintiff's registered United States trademark "TAPEWRITER" for embossing machines by using a colorable imitation of said mark, to-wit "TAPEPRINTER" in connection with the sale of the same goods (R. 4-5), and (b) with unfair competition by virtue of the same acts, coupled with the adoption by defendant in its machines of certain non-functional features used by plaintiff to identify and distinguish its machine (R. 5-8).

All of the facts pleaded in the complaint are verified (R. 10).

Plaintiff immediately filed a motion for preliminary injunction (R. 20-21). Defendant filed numerous opposition affidavits and exhibits (R. 32-46; 55-59; and 76-152), and plaintiff filed numerous reply affidavits and exhibits (R. 47-54, and 63-75).

On April 5, 1963, the District Court denied plaintiff's motion "finding that there is great doubt as to whether or not the plaintiff has the exclusive right to use the word 'TAPEWRITER' and having denied the motion; and good cause appearing therefor" (R. 155).

This appeal followed (R. 156).

SPECIFICATION OF ERRORS

1. The District Court abused its discretion in the appellate reviewing sense in "finding that there is great doubt as to whether or not the plaintiff has the exclusive right to use the word 'TAPEWRITER' and having denied the motion; and good cause appearing" (R. 155), and in denying the motion for a preliminary injunction for that reason.

2. The District Court abused its discretion in the appellate reviewing sense in failing to enjoin the defendant from using "the notation 'TAPEPRINTER' or any other colorable imitation of the trademark 'TAPEWRITER' in connection with the commerce of embossing machines (R. 29).

QUESTION ON APPEAL

May a newcomer in the tape embossing machine market place adopt and use the trademark "TAPE-

PRINTER” in competition with the established and duly registered trademark “**TAPEWRITER**” as used on the same goods because that newcomer is able to find that several hundred persons have used various permutations of “Tape”; “Printer”; and “Writer” for goods other than tape embossing machines?

ARGUMENT

ARGUMENT ON THE FACTS.

On June 20, 1960, plaintiff adopted the trademark “**TAPEWRITER**” for embossing machines for embossing plastics, metals and the like (Verified Complaint, Para. 12, R. 5). Registration No. 716,433 on the Principal Register of the United States Patent Office was issued to plaintiff on June 6, 1961 (Verified Complaint, Para. 12, R. 5).

Plaintiff spent large sums of money in advertising and otherwise promoting sales of its embossing tools under the “**TAPEWRITER**” trademark, particularly on the model “M-5” (Verified Complaint, Para. 19-20, R. 7; Affidavit of Leo B. Helzel, Para. 8, 12, 13, 14 and 15, R. 69-70).

In or about February, 1963 and long after plaintiff commenced the promotion and sale of its “M-5” “**TAPEWRITER**”, defendant commenced the manufacture, promotion and sale of a competing hand embossing tool under the designation “**TAPE-PRINTER**” (Verified Complaint, Para. 13, 23, R. 5,

7). The goods of plaintiff and defendant are in direct competition with each other, move through the same channels of trade and in fact are handled simultaneously by the same dealers, distributors or retail outlets (Affidavit of Leo B. Helzel, Para. 10, R. 69).

Simple inspection discloses that "TAPEPRINTER" and "TAPEWRITER" are confusingly similar. The manifest truism that the unauthorized use of "TAPEPRINTER" by defendant is likely to cause confusion or mistake or to deceive purchasers as to the source of such goods or services (R. 5, Para. 13; R. 8, Para. 25) within the prohibition of U.S. Code, Title 15, Section 1114(1) is heightened by two factors. One is that defendant uses the corporate name "TAPEPRINTER, INC." which increases the likelihood of confusion. The other is that the defendant's embossing tool has a number of non-functional, unique and distinctive features in common with plaintiff's tool (R. 7, Para. 7; R. 8, Para. 24).

Defendant has claimed in the affidavit of Benedict E. Bogeaus that it has already expended the sum of \$250,000 and that it has a long term rental obligation amounting to \$100,000. According to the only application of defendant for a permit to issue and sell its stock and the permit resulting therefrom, defendant was only authorized to sell \$25,000 of its capital stock to said Benedict E. Bogeaus. Defendant has just started in business. Under these circumstances, defendant is not in a position to respond in damages and a monetary judgment could not be satisfied (Affidavit of Leo B. Helzel, Para. 16, R. 70-71).

OUTLINE OF LEGAL ARGUMENT.

The denial of the preliminary injunction turned upon the determination of the District Court that there was great doubt as to whether or not plaintiff has the exclusive right to use the word "TAPEWRITER" (R. 155). This in turn is based upon a showing of a number of third party users of a number of different marks and tradenames in various businesses for various forms of goods. None of these third party users used the same marks or confusingly similar marks for the same class of goods.

In the argument which follows plaintiff recognizes the general rule that an order denying a preliminary injunction will not be reviewed except for abuse of discretion. Plaintiff urges that there is here an abuse of discretion in the legal sense because the District Court disregarded substantive principles of law laid down in *National Lead Company v. Wolfe* (9th Cir. 1955), 223 F.2d 195, as well as the rule of the cases upon which this Court relied in *National Lead*.

As a preliminary to the legal argument, plaintiff points out that its exclusive right to use the trademark "TAPEWRITER" is evidenced by the registration itself. Under U.S. Code, Title 15, Section 1115(a), this registration "shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the goods or services specified in the registration . . .".

Also preliminarily, plaintiff relies upon U.S. Code, Title 15, Section 1116, which grants the District Court "power to grant injunctions, according to the prin-

ciples of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent Office.”

Under U.S. Code, Title 15, Section 1114(1)(a), a putative infringer is liable to a registrant if he uses “in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . .”.

ARGUMENT ON ABUSE OF DISCRETION.

Plaintiff urges that the District Court abused its discretion in denying the preliminary injunction. In so doing, plaintiff does not imply any willful or intentional wrong on the part of the District Court. If such is required to establish abuse of discretion, plaintiff does, as it must, confess error on this appeal—for the District Court granted a full, complete and impartial hearing to the parties on the issues before the Court.

But plaintiff does submit that “The exercise of discretion does not permit the Court to disregard the substantive principles of law established for the protection of litigants.” [*Cohen v. Young* (6th Cir. 1942), 127 F. 2d 721, at page 726].

Langnes v. Green (1931), 282 U.S. 531, 541, is to the same effect.

Plaintiff submits that trademark rights are so sensitive to utter destruction if they are not rigorously protected that they should receive especial consideration on a motion for a preliminary injunction. Mr. Justice Holmes, speaking for the Court in *Bourjois & Co. v. Katzel* (1923), 260 U.S. 689, said:

“ . . . It (a trademark) deals with a delicate matter that may be of great value but that easily is destroyed, and therefore should be protected with corresponding care . . . ” (260 U.S. 692).

Similarly, in *Garrett v. T. H. Garrett & Co.* (6th Cir. 1896), 78 Fed. 472, the Court said, page 479:

“ . . . In such a case as this, where the manifest intent was and is to appropriate the good will of the complainants by the fraudulent use of the name ‘Garrett,’ if the complainants be not protected by preliminary injunction against such use,—if, in other words, that question be postponed to the final hearing,—there is every inducement to the defendant to delay and prolong the litigation, continuing, meanwhile, the assaults upon the good will of the complainants, so that, even if final decree be at last rendered in favor of complainants, the good will will have been so seriously and irreparably injured, if not in great measure destroyed, as to leave the complainants practically without remedy. . . . ”

One of the leading and perhaps most objective text writers on this subject, in Callmann, *Unfair Competition and Trade-Marks*, 2nd Edition, Section 88.3, page 1820, has this to say:

“In the unfair competition case, a preliminary or temporary injunction—in most cases issued

pendente lite prior to the final hearing on the merits—is of especial importance. All competition is, as noted before, designed to injure the competitor. In the unfair competition case, injury to the plaintiff is not merely an incident of the defendant's act; therefore it is important that the defendant be enjoined as expeditiously as possible if injury to the plaintiff is imminent. When a businessman seeks to injure another, he usually adopts the most effective tactics, and, therefore, the preliminary injunction is essential to the plaintiff's protection. In unfair competition cases, moreover, the defendant aims to hurt the plaintiff by prejudicing him in the public eye; the public is the audience before whom the competitive performance is staged. The greater the publicity accorded to the injurious act, the more aggravated the injury to the plaintiff. Furthermore, the damage to an intangible value will be, in most cases, unascertainable. The extent to which good will has been injured is not susceptible of any easy determination. And the financial responsibility of the defendant is often inversely proportionate to the degree of damage he inflicts. On the other hand, in complicated cases, the final hearing may reveal surprising facts, and the evidence offered will be of decisive importance.

“It is a general rule that the grant of an injunction lies within the court's discretion; this rule is even of greater significance in the unfair competition case.” (Footnote omitted).

Although stated in an entirely different factual complex, the Court, in *Porter v. Jennings* (1891), 89 Cal. 440, laid down broad principles particularly applicable here:

“It must be conceded that if plaintiff prove the allegations of his complaint at the trial, he will be entitled to a judgment of perpetual injunction; but then his judgment is a nullity; the calamity has befallen him; the horse has already been stolen; the sale has already been made; the relief has come too late; the cloud upon his title is an accomplished fact.” (page 444).

* * * * *

“To sustain respondents in this appeal would deprive appellant of all benefit which would accrue to him should he finally succeed in his cause, and would be a complete denial of the relief sought by the complaint.” (page 445).

Here plaintiff urges that the denial of injunctive relief at this stage of the litigation is tantamount to the denial of rights granted by the Commissioner of Patents in issuing plaintiff’s registration, and may result in a total destruction of the plaintiff’s rights in the mark.

ARGUMENT ON THE MERITS.

As shown above, the District Court denied the preliminary injunction on the finding that there is great doubt as to whether or not the plaintiff has the exclusive right to use the word “TAPEWRITER” (R. 155). This finding is based upon defendant’s contention that virtually hundreds of persons had used some variation of the words “Tape”; “Writer”; or “Printer” as trademarks and tradenames for a multitude of different goods and businesses (R. 84).

Significantly, *no one* other than plaintiff or defendant used any combination such as "TAPEWRITER" or its conceptual equivalent "TAPEPRINTER" as a mark for tape embossing machines.

As one example of the type of "prior art" upon which defendant relies, it cited "TAPERITER" for dictating machines by Permoflux Corporation (R. 59; 63-65; 73-74; 90-93) and by Grace Electronics, Inc. (R. 57; 90; 104). But these registrations were cancelled on October 30, 1959 (R. 65) and on February 3, 1959 (R. 57, 90), respectively.

Further, the relevant market place is the tape embossing machine field. Yet defendant urged upon the District Court as support for its use of "TAPE-PRINTER" the use of some or all of the syllables used in the competing marks in such far flung markets as dictating machines, pudding dessert powder, rope, watch bracelets, sanitary tampons, candles, automobile mufflers, ad infinitum (R. 115-139).

Plaintiff urges that under controlling rules of law, these third party uses do not impinge upon the rights of plaintiff to enforce its mark against defendant.

The case at bar is analogous to *National Lead Company v. Wolfe* (9th Cir. 1955), 223 F. 2d 195. The District Court, in a decision entitled *Wolfe v. National Lead Co.* (N.D. Cal. 1953), 97 U.S.P.Q. 29, not officially reported, had found that it was not unfair competition for the late comer to use "Dutch Paint" in competition with "Dutch Boy". In that case, the District Court relied heavily upon third party users

of the word "Dutch". Some antedated the use of the word "Dutch" by either of the parties. As to these, the Court said, 97 P.Q. 32:

"32. The historical pattern of the adoption and use of defendant's 'DUTCH BOY' trade mark was established in the face of antecedent descriptive use in the trade of the word 'DUTCH' in reference to white lead; 'OLD DUTCH' for base white (a paint product) by F. O. Pierce & Co., of Long Island, New York; 'DUTCH KAL-SOMINE' for calcimine by The Muralo Company, of New York, New York, and a 1912 listing of a host of 'DUTCH' users in the Trade Mark Directory of the National Paint, Oil & Varnish Association, by which name it was then known."

This Court reversed. Judge Pope, speaking for the Court, pointed out, page 204:

"[8-10] Appellees have attached to their brief in this court a tabulation which was an exhibit in the court below showing uses which third parties, manufacturers or dealers in paint have made of names which include the word 'Dutch'. Substantially the same information was portrayed in a photograph which was also an exhibit and which showed in color paint cans to which were attached labels with trade marks using the word 'Dutch'. A study of the 39 listed uses of the word 'Dutch' reveals that some of them are duplications, some relate to uses discontinued many years ago, some were used but to a limited extent and in single communities or limited localities far from the Pacific Coast to which appellees' operations were confined, and for the most part in the eastern portion of the United States, and some

with respect to which there was no proof of any sale whatever; some relate to non-paint products such as floor wax. The remaining proven third party uses of the word 'Dutch' in connection with paint sale or manufacture are too inconsequential to establish a claim of *publici juris* or the claim that appellant's mark has become a weak mark or to justify on any other theory the acts of these appellees. It may be that some of these third persons may also have been guilty of wrongful infringement, but such would not be a defense or justification for the appellees. It is no excuse for them to say that others have been guilty of the same wrong. *Del Monte Special Food Co. v. California Packing Corp.*, 9 Cir., 34 F. 2d 774; *Potter-Wrightington, Inc., v. Ward Baking Co.*, 1 Cir., 298 F. 398, affirming D.C., 288 F. 597. Uses of the offending word in local areas in the East are no justification for acts of appellees on the Pacific Coast." (Footnotes omitted).

The two cases upon which this Court there relied are most pertinent on the present inquiry. In *Del Monte Special Food Co. v. California Packing Corporation* (9th Cir. 1929), 34 F. 2d 774, the plaintiff used "Del Monte Brand" on various food products and the defendant used it on oleomargarine. With respect to the present defense, the Court said, page 777:

"[3] The appellant relies on the use of the name 'Del Monte' by others upon products sold in grocery stores, such as 'Del Monte flour,' 'Del Monte flake biscuits,' one of a number of varieties of biscuits manufactured by Standard Biscuit Company of San Francisco, 'Del Monte Cream-

ery,' dealing in milk, butter, eggs, and cheese, and 'Del Monte Coffee.' It is sufficient with reference to such use of the name 'Del Monte' upon food products by others to say that, whatever may be the respective rights of the appellee and these other users of the name 'Del Monte,' such use does not justify the appellant in its more recent use of appellee's well-known mark upon a new and different product recently produced by it; for, as has been stated, the question involved here is not the infringement of a trade-mark in which the prior use by others would be material, but is that of the adoption by the appellant of unfair methods of competition. Such practice is unfair to the appellee, notwithstanding the use of the brand by others, even if such use by others preceded the use by appellee. *Natl. Pictures Theatres v. Foundation Film Corp.*, 266 F. 208, 211 (C.C.A. 2); *Liebig, etc., v. Chemists, etc.*, 13 Reports Patent Cases, 635, 645; *Croft v. Day*, 7 Beav. 87; *Juvenile Shoe Co., v. Fed. Trade Comm.* (C.C.A.) 289 F. 57; *Clark Thread Co. v. Armitage* (C.C.A.) 74 F. 936; *Shaver v. Heller & Merz* (C.C.A.) 108 F. 821, 825; *Barton v. Rex Oil Co.* (C.C.A.) 29 F. (2d) 474, 475."

In *Potter-Wrightington v. Ward Baking Co.* (D. Mass. 1923), 288 F. 597, affirmed in *Ward Baking Co. v. Potter-Wrightington* (1st Cir. 1924), 298 F. 398, the defendant in an action to restrain unfair competition and trademark infringement defended in part on the ground that plaintiff's trademark had been in prior use by another. The District Court and the Court of Appeals rejected this defense. The mark in

question was "Old Grist Mill" for flour. With respect to this defense, the Court of Appeals held, 298 Fed. 401:

"[5] 3. The defendant sets up the defense that the plaintiff was anticipated in the use of its trade-mark by one Thornton. It appears that Frank L. Thornton, of Providence, R.I., about 1892, was carrying on a small business as a dealer in corn meal and other cereals; that he adopted a similar emblem (but not the words 'Old Grist Mill'), and that he had it registered as a trade-mark and used it in his business in and near Providence. A bill was brought against this plaintiff to restrain an infringement of Thornton's rights. It was demurred to, and was finally dismissed from the docket. There is nothing in the record tending to show that the plaintiff pirated upon any rights of Thornton. There is no question of invention in a trade-mark case. It may be that it will be found that Thornton, in a limited territory, used a design somewhat similar to that of the plaintiff. Upon this point we think the District Court has properly held that, even if, for some purposes and in some territory, the Thornton Company may have a right in the trade-mark superior to that of the plaintiff, the defendant is not thereby exonerated from responsibility for an attempt to appropriate to itself a good will created by the plaintiff during a long course of business. Whatever Thornton has done or has not done, the ultimate offense is that the defendant has passed off its goods as those of the plaintiff, and has thereby invaded the rights of the plaintiff, rights not acquired by invention or discovery or registration, but by adoption and

use. *United Drug Co. v. Rectanus Co.*, 248 U.S. 90, 103, 39 Sup.Ct. 48, 63 L.Ed. 434, *supra*; *Tetlow v. Tappan* (C.C.) 85 Fed. 774; *Merriam Co. v. Saalfield*, 198 Fed. 369, 372, 117 C.C.A. 245.”

The rule of the foregoing cases is brought down to date in *Fleischmann Distilling Corp. v. Maier Brewing Company* (9th Cir. 1963), 314 F. 2d 149. In that case the unfair competitor tried to justify its use of “Black & White” by showing that the mark lacked novelty. In rejecting this defense, this Court said, page 154:

“It is obvious that in approaching the question which is before us, as to whether the defendants’ use of the name Black & White on their beer is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods, we must recognize that the use of the name Black & White in connection with some wholly unrelated products, goods or services, cannot possibly cause confusion or mistake, or lead customers to believe that the goods or services offered had any connection with Buchanan.

“Thus, defendants produced telephone directories from such cities as Boston, New York, Detroit, Los Angeles, and Pittsburgh, Pennsylvania, showing the use of the name Black & White by numerous firms and businesses. These disclosed Black & White Cleaners and Tailors; Black & White Trucking Company; Black & White Chemical Company; Black & White Dinette; Black & White Hatters; Black & White Garage; Black & White Tire Company; Black & White Market; Black & White Funeral Home, and others. It also appears that there was a small chain of

retail liquor stores in Oakland, California, called Black & White. This was noted in the court's findings, which stated that Buchanan did not know of these liquor stores until after the suit was begun."

Thus plaintiff submits that, as a matter of law, the several hundred "prior uses" which defendant belatedly located in its effort to justify its appropriation of "TAPEPRINTER" in competition with "TAPEWRITER" are immaterial. Plaintiff submits that there has therefore been an abuse of legal discretion in that the determination of the District Court was not based upon controlling legal standards.

CONCLUSION

For the reasons stated above, plaintiff urges that the order of the District Court be reversed and that this cause be remanded with instructions to issue a preliminary injunction enjoining the defendant from using the trademark "TAPEPRINTER" or any other colorable variation of "TAPEWRITER" in connection with the business of manufacturing and selling tape embossing machines.

Dated, San Francisco, California,

June 19, 1963.

Respectfully submitted,
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CERTIFICATE OF COUNSEL

I certify that, in connection with the preparation of this brief, I have examined Rules 18 and 19 of the United States Court of Appeals for the Ninth Circuit, and that, in my opinion, the foregoing brief is in full compliance with those rules.

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